1. Introduction:

The Indian Information Technology enabled Service-Business Process Management (ITeS-BPM) industry has grown manifold in size and has been holding a leadership position in the global BPM outsourcing arena for over a decade now. The industry has been reaping the benefits of 'Demographic Dividend' in true sense. While availability of pocket-friendly labour, information technology and connectivity through internet have been the primary reasons for the growth of BPM industry, customer satisfaction is guaranteed by quality of trained workforce.

The BPM industry is one of the highest employment providers to the youth of India with more than 60% of the workforce comprising of generation-y employees. However, monotonous work profile, high performance monitoring and erratic duty hours create a stressful work environment for its young employees. People join, get trained and quit the industry – the problem being most prevalent amongst the junior level of employees. **Thus, talent-erosion is an area of utmost concern for the industry.** In the recent times, most of the organizations have started becoming responsive to the needs of their employees and have incorporated various high-engagement HR practices.

The proposed study will investigate the problem of 'Talent –Erosion' in high-engagement work environment by conducting empirical research on millennial employees in the BPM industry of Rajasthan.

2. Overview of the Indian BPM Industry:

Today, India is the hottest destination for any company that wants to outsource its business processes. From a negligible size in early 2000 to a gigantic size today, the Indian BPM industry has been growing at an unprecedented rate. According to National Association of Software & Service companies (NASSCOM), the Indian BPM industry has become one of the most significant growth catalysts for the Indian economy and is also positively influencing the lives of its people through an active direct and indirect contribution to the various socio-economic parameters such as employment, standard of living and diversity among others. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy. However, according to a recent survey, the rate at which young employees are switching jobs in the BPM industry is the highest amongst all sectors. **Talent erosion, therefore, is one of the major concerns of the Indian BPM industry.**

2.1 Journey from BPO to BPM:

The Indian BPM industry has evolved dramatically over the last decade in terms of complexity and scale. It has emerged from a legacy based solution provider to a strategic partner managing services delivery for its customers. It started with call centers but now encompasses everything like accounting, legal process and outsourcing of medical transcriptions. **The transformation from Business Process Outsourcing to Business Process Management connotes well to this redefined phase of the industry.**

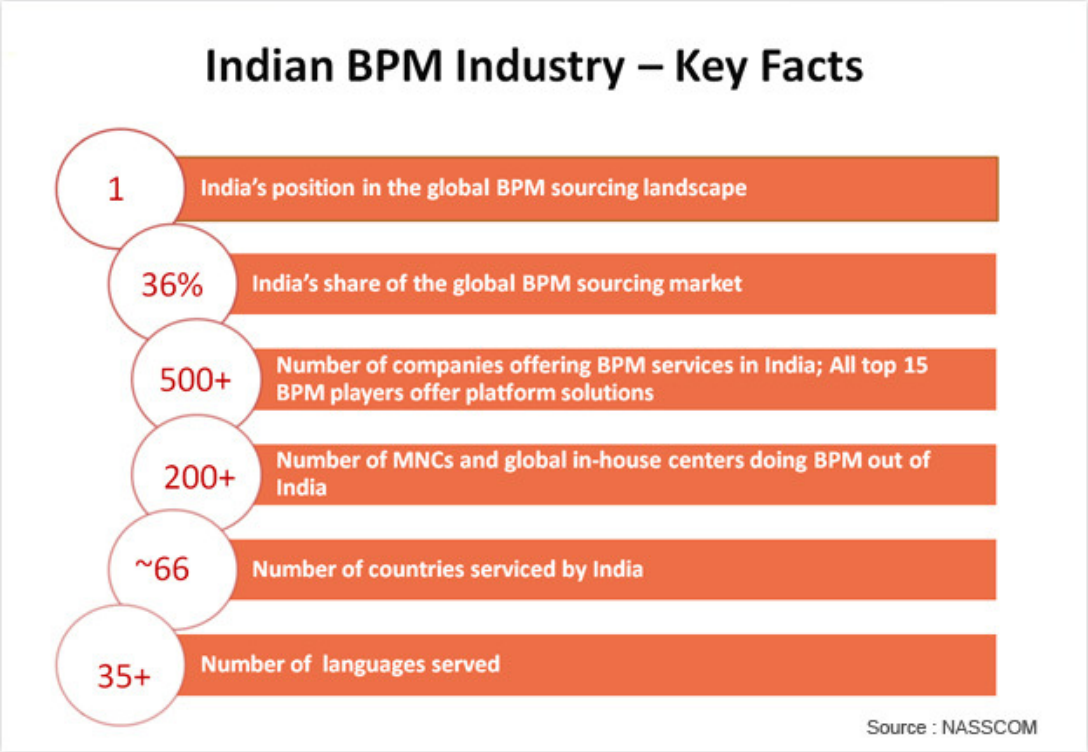
India is at the forefront of the rapidly evolving Business Process Management (BPM) market and has been established as a 'destination of choice'. Having grown manifold in size and matured in terms of service delivery capability, **the Indian BPM industry is the largest private sector employer providing direct employment to 3.1 million people and indirect employment to 10 million people [as per the figures released by NASSCOM][1].**

[1]The IT-BPM Sector in India – Strategic Review 2014

The BPM sector comprises of the jobs that could have been done in a particular country (mostly the western part of the world), but have been outsourced to India owing to various factors like easy access to professional services and cost efficiency. This industry has significantly contributed to the Gross Domestic Product (GDP), foreign exchange earnings and employment generation in the Indian economy.

2.2 Current Drivers of BPM Industry:

At USD 23.2 billion of revenues in FY 2014, the BPM industry continues to evolve. Strong platform play and the emergence of new markets and verticals led to an exponential growth of the segment. NASSCOM released a press release on 17th September 2014 stating that the highlight of the year was the growing knowledge services segment followed by the marketing & data analytics and legal services domain. Major BPM firms also focused on transforming business processes through the use of new technology thereby leading to the creation of newer business models and services. The key facts about the Indian BPM industry (2014) can be summarized as:


Indian BPM Industry – Key Facts
1
India's position in the global BPM sourcing landscape
36%
India's share of the global BPM sourcing market
500+
Number of companies offering BPM services in India; All top 15 BPM players offer platform solutions
200+
Number of MNCs and global in-house centers doing BPM out of India
~66
Number of countries serviced by India
35+
Number of languages served
Source : NASSCOM

The IT-BPM industry constitutes 8.1% of the country's GDP and 38% of its service exports. Its revenues are expected to touch USD 118 billion in 2014. The exports from IT-BPM industry are expected to reach USD 86.4 billion of which BPM industry is estimated to contribute nearly one-fourth of the industry exports. Keeping in view the tremendous potential of the industry, the government of India drafted the National Policy on Information Technology 2012 which aims to increase revenues of IT and BPM industry to USD 300 Billion by 2020 and expand exports to USD 200 Billion by 2020. The policy also seeks to achieve the twin goals of bringing the power of information and communication technology (ICT) within the reach of all its citizens while harnessing the capability and human resources of the country to enable India to emerge as the Global Hub and Destination for IT and BPM Services by 2020.

In the words NASSCOM President[2], the BPM industry has the potential to double its revenue growth to $42-50 billion and employ two million people by 2020, keeping in view the dynamic shifts in demand side markets spanning verticals, geographies, customers and services.

As per the data released by NASSCOM, BPM industry is expected to grow by 11.4% in 2014 over 2013. The industry offers a landscape to a little above 500 players of which around 50% of the players contribute towards foreign exchange earnings for the country. Export of knowledge services which has seen a growth of more than year-on-year 15% is the fastest growing vertical. The industry is aiming to provide technology enabled solutions by way of interactive websites, smarter interactive voice responses (IVRs), intelligent frequently asked questions (FAQs), virtual chats, forums, etc. Knowledge services, data analytics, legal services, Business Process as a Service (BPaaS), cloud-based services are amongst the fast-growing sectors within the BPM domain. The expectations of clients from the industry, its operating model and the offerings of the industry from the time that it came into existence till date has been depicted well by NASSCOM in the following diagram:

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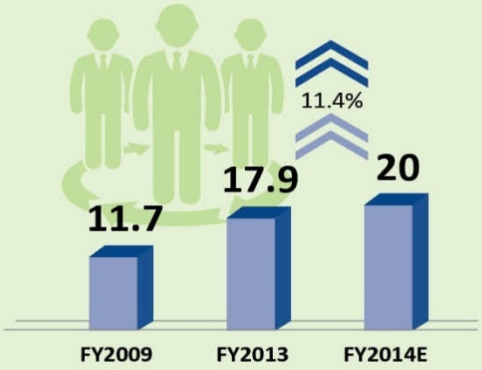
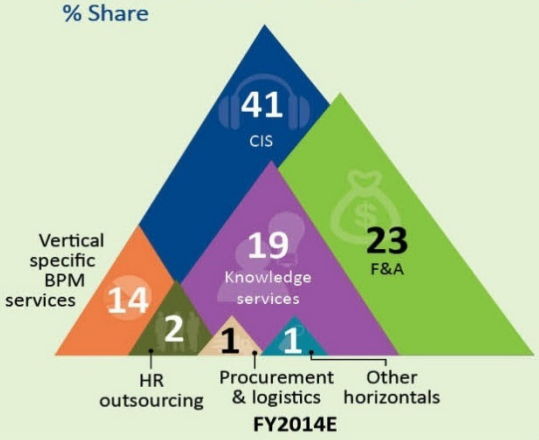
[2] R Chandrashekhar , as on September 2014

BPM exports: USD 20 billion segment; nearly one-fourth of industry exports

Higher focus on non-linear growth
USD billion



BPM: Knowledge services driven by analytics based insights
% Share



	Productivity improvement / Innovation		Disruptive innovation	
	'BPM 1.0' 2003-08	'BPM 2.0' 2009-13	'BPM 3.0' 2014 onwards	
Client Expectation	Cost savings, global capability and 'noiseless' delivery	Industry depth, analytical insight and innovation	Flexibility in operations & offerings	Expected growth of >11 per cent over FY2013; knowledge services, vertical-specific services driving faster growth
Provider Objective	Emphasis on greater depth and breadth while embracing the 'globalisation' of delivery capacity	Emphasis on value added end-to-end solutions and inclusive growth especially in tier II/III cities	Emphasis on platform multi tenancy, non-linear revenue growth and utilisation of same resources across multiple clients	>500 players; Indian (50 per cent exports share), MNCs (15-20 per cent), GICs (>20 per cent)
Industry & Offerings	More back office and industry processes, move to middle office	Back, middle & front office work with more industry focus	Offerings with standard platforms & processes	BPaaS/cloud based services, analytics enabling increased focus on non-linear growth and platforms
Operating Model	Primarily transactional level processes delivered from centres at offshored locations	Rise of global delivery model to accommodate demand of customers for 'follow the sun' model	'Hybrid model' – control with headquarters but each center has a different governance model based on the process delivered	'Customer experience' – a key game changer; enhanced services including marketing related tasks - customer data collection, retention, campaign management, etc.
				CIS:Tech-enabled solutions - interactive websites, smarter IVR, intelligent FAQs, virtual chats, forums, etc.
				Knowledge services: fastest y-o-y growth >15 per cent; data analytics (business insights), legal services (regulatory compliances) – fastest growing at >18 per cent

Source : NASSCOM, India IT-BPM Overview , Business Process Management (BPM)

2.3 Talentscape of the BPM Industry:

While information technologies and the internet are the main reasons of growth in this industry, the customer satisfaction is guaranteed by quality of the workforce. As reported in a study conducted by National Skill Development Corporation and NASSCOM[2], **by 2020, the IT-BPM Industry will hire more than 0.4 million candidates every year.** The Indian IT-BPM Industry is going through challenging times as far as demand for talent is concerned. It is still recovering from the aftershocks of the economic slump of 2009 and focusing more and more on innovation and re-engineering its business processes and ways of working. The net demand for talent in FY2013 stands at an estimated 0.19 million professionals, with more than 60% of the workforce comprising of generation-y employees. Assuming an employment growth scenario of 9 per cent, the demand for talent is expected to be more than double, i.e. 0.42 million by 2020.

However, call centre work is characterized by certain inherent challenges, such as highly structured, routine workflows with high performance monitoring and erratic duty hours, creating a stressful work environment for its young employees. Consequently, across the industry employee satisfaction is low and turnover relatively high. A recent study[3] conducted a comparative analysis of call centers in the Asia Pacific region (including China, India, Philippines, Australia, Malaysia and Singapore). The findings revealed that India had the second lowest average full-time employees in the sector after China, but it also had:

- ✓ the greatest level of agent attrition (38%);
- ✓ lowest average employee tenure (11 months); and
- ✓ highest rate of employee absenteeism (15 days/employee/annum).

Thus, 'Talent Erosion' can be identified as an area of utmost concern in the Indian BPM sector.

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[2]Employment Requirements and Skill Gaps in the Indian IT-BPM Industry 2014

[3]Wallace C (2009).An overview of the Indian Contact Centre Industry. *The next available operator: Managing human resources in Indian Business Process Outsourcing Industry*, 13-32

In order to create a positive work environment based on high trust, exceptional customer service, collaborative teamwork, operational excellence, and creative problem solving, the leaders/managers of the BPM industry began to understand, invest in, and started becoming responsive to the needs of the organization's most valuable assets, its employees. **This led to the birth of high-engagement HR practices in the Indian BPM Industry.**

NASSCOM in collaboration with Aon Hewitt conducted a study in 2014 on talent related indicators for the BPM industry across four indices of employee engagement, leadership development, employer brand and high performance culture. The study reflected that the stay-scores (employee stickiness) are relatively lower in the industry and there was need to focus on following areas:

Tools and Infrastructure	Re-define career management	Training in right career conversations
• Career Management • Learning & Development • Define career path	• Career path beyond upward movement • Job rotations • Learning & development programs	• Senior leader • Coaching • Workshops • Involve skip level managers

Source : Talentscape: IT-BPM Industry, NASSCOM 2014

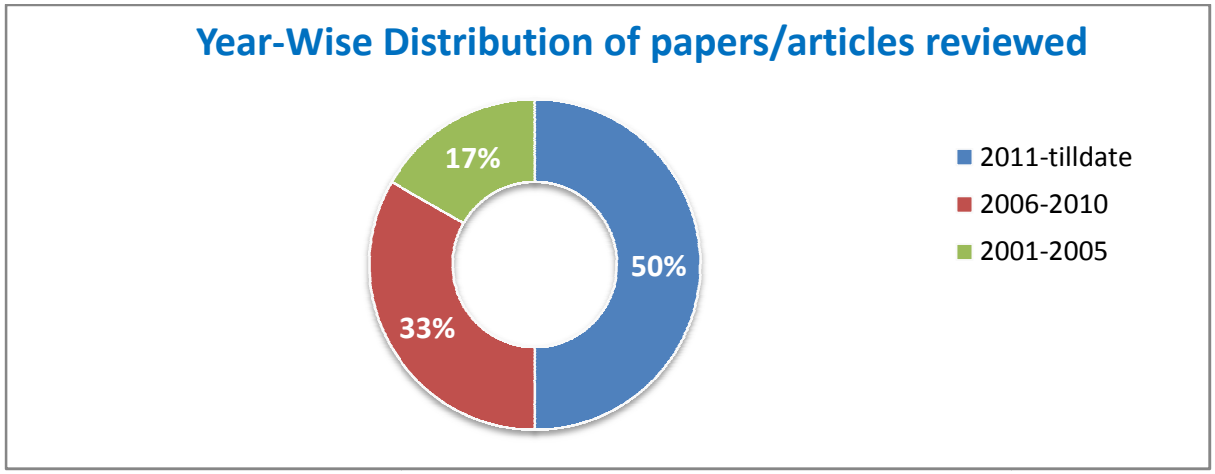
However, whether the issues of structured and monotonous work; work overload; night shifts and lack of supervisory support have been resolved using strategies to promote employee engagement in the BPM industry still remains unanswered.

3. Review of Related Literature:

Literature review is a body of text that aims to review the critical points of current knowledge on a particular topic. The objectives of review of related literature are:

1. To gain a background knowledge of the research topic.
2. To identify the concepts relating to it, potential relationship between them and to formulate researchable hypotheses.
3. To identify appropriate methodology, research design, methods of measuring concepts and techniques of analysis.
4. To identify data sources used by other researchers, and
5. To learn how others structured their reports.

A deliberate attempt has been made to select recent and pertinent literature since BPM industry is still in the growing stage, as a result of which there is volatility in the patterns of various variables within the industry.



The broad areas which have been addressed are indicated in the following three sub-headings:

- *Research related to Issues and Dynamics of Human Resource Management in Indian BPM Industry*
- *Research related to Talent Erosion/ Employee Attrition*
- *Research related to Engaging the Millennials*

3.1 Research related to Issues and Dynamics of Human Resource Management in Indian BPM Industry :

BPM is one of the popular business practices in today's global competitive environment. Indian BPM companies have a unique distinction of providing efficient business solutions with cost and quality as an advantage. Raghunath and Panga (2013) offer a SWOT analysis on Indian BPO Sector. While the strengths of the industry lie in features like highly skilled, english-speaking workforce; abundant manpower; cheaper workforce than the western counterparts; round-the-clock advantage for western companies due to the huge time difference; lower response time with efficient and effective service, recent months have seen a rise in the challenges in the form of level of attrition rates among outsourcing workers. BPM employees have a tendency not to pursue a full-time career in the industry. The industry is growing rapidly and requires corresponding growth in infrastructure as well, an area where India is lacking. The industry will face tougher challenges in the near future, from South-east Asian countries like Indonesia, Malaysia, Philippines, Singapore, Vietnam and Thailand, which are improving their positioning as alternative offshore locations. Political crises in markets like the US and UK might result in outsourcing restrictions being put in place.

Nonetheless, Christopher (2005) establishes that the capabilities which are outsourced offshore have moved from IT-centric functions into business processes, such as patent research, drug research and development, legal services and equity research. However, while complexity is increasing, respective cost expectations are not shifting accordingly. This has led to BOSS (Burnout Stress Syndrome), one of the most contemporary issues for the BPM industry.

Tamizharasi and Rani (2014) list out major variables which introduce stress among the employees in the BPM industry, some important ones being, work timing, workload, repetitive nature of work, insufficient holidays, pressure to perform on metrics, overtime, call volumes, etc. They also suggest that as the shifts towards competitive environment, technological advancements, HR Practices, economic development, social developments are taking place day by day, every employee is expected to work for long hours, perform multiple jobs, and be available for 24 hours in seven days. These reasons give mental as well as physical problems to

the employees. When these problems increase, then it gives a pressure, strain, anxiety, tension, trauma to the employees and ultimately the productivity of the employees decreases.

Rani & Mahalingam (2003) conducted a research on 544 call centre workers across the country and found that 28% of respondents would prefer to work for another industry altogether, if given a chance. Respondents felt that their jobs were not very clearly defined and they did not really know what was expected of them at work. Their managers were not available when needed for help and advice and they were discouraged to speak freely at meetings. Added to this was the feeling that immediate managers did not really care for their professional and personal growth. The authors conclude that a large amount of employee attrition happens because of immediate managers. As the industry matures, certain HR policies have evolved to overcome these issues.

Aziz (2013) found in his research that many organisations have increased their rest periods and have started providing training to their employees to manage rude and abusive customers. His study also highlights that in order to keep their employees and business intact, the organisations have to individually address and come up with practical solutions to overcome these issues.

Budhwar, Luthar, & Bhatnagar (2006) revealed in their study that the emphasis on career development and training appears to be somewhat less in the Indian BPMs compared to their western counterparts, perhaps because India's BPM industry is still evolving, and management does not feel the need to invest in employee career development, mainly due to the presence of a large number of available graduates. However, in the long run, the existing systems have to be modified to provide flexibility and empower employees, helping them develop proper career progression. Moreover, there is a need to create open systems in which employees can give feedback to their managers and expect them to be responsive. A trend towards empowering via involvement has already been initiated by Indian BPMs.

3.2 Review of Research related to Talent Erosion/ Employee Attrition

Kumar & Kripa (2012) reflected how call centers/BPOs have become the main components of globalization, but the alarming rate of employee turnover in them has become a stumbling block for the growth of this sector, in their study. According to them, employees taken in at a comparatively lower age and with a higher educational qualification had a higher propensity to leave the job. However, the monthly income had a positive effect on the tenure of employees with the organisation.

Nappinnai & Premavathy (2013) indicate that employees who leave the organization take along with them valuable information regarding the company, its customers, current projects and other confidential data. Employees build relationships with customers and clients and help the business of the organization to grow but once they leave, such relationships are severed and can cause potential customer loss. Time is a crucial factor for a business to succeed and a huge amount of it goes in hiring and training a new employee, also involving large amount of money huge cost which is a direct loss to the company, if the employee leaves the organisation. **Therefore, retention is more economic than going for fresh recruitment.**

Various authors have suggested various methodologies to arrest the erosion of talent from the BPM industry. As per Bhaduri (2008), 'Talent Retention Managers' should chalk out a great assignment that balances what the employee can contribute and simultaneously learn from. Once the employee has started on the first assignment the manager needs to start identifying a clearly agreed career path that builds for future roles through job rotation, projects, short term assignments etc. Finally retaining the employees who have been nurtured have to be retained through reward and recognition. This intense career planning approach should be applied to at least 10% of the top performers.

Similarly, Prakash & Chowdhury (2004) attempt to understand the underlying reasons for attrition by analyzing the BPM industry through Maslow's Hierarchical model of Needs. They discuss the motivation of the employees in the BPO industry and gaps in their expectations which needs to be filled up. Their paper recommends a Win-Win Model which endeavors to satisfy the needs of both the employer and employee by incorporating four levels of strategies which aim at reducing the attrition rate as well as minimizing the impact whenever it occurs.

In the words of Nappinnai & Premavathy (2013), increasing attrition is a serious concern for every company today and they are fighting with this problem by redefining their HR policies and practices. Providing a great infrastructure, a great office, an inspiring leader and a challenging work is just not enough to engage any employee at workplace. Additionally, employers must employ following strategies to retain and involve its employees:

- ✓ Hire the right staff in the first place.
- ✓ Empower the employees by giving them the authority to get things done.
- ✓ Make them realize that they are the most important asset of the organization.
- ✓ Trust them, have faith in them and respect them.
- ✓ Provide them knowledge and information.
- ✓ Keep providing them with feedback on their performance on a continuous basis.
- ✓ Appreciate and recognize their achievements.
- ✓ Create an atmosphere where the human resources want to work and have fun.

The authors highlight that engaged employees manifest in the form of lower attrition rate, higher productivity and enhanced profitability in any company's balance sheet.

3.3 Review of Research related to Engaging the Millennial Employees

Several studies have been conducted to identify the variables which positively impact the commitment and satisfaction levels of BPM employees. Dwivedi, Kaushik & Luxmi (2014) conducted a research on 15 BPM units in and around Chandigarh region and concluded that organizational culture directly affects the commitment levels of the employees.

Similarly, Combs, Clapp-Smith & Nadkarni (2010) explore the relationship between employees' hope and performance levels, and find it to be a positive one. The parameters which enhance workforce creativity and organizational innovation were merit-based remuneration and supervisor performance ratings. Thus, bonuses and other forms of compensation can have a great impact on the drivers of success for Indian BPMs.